

State Water Infrastructure Authority
Meeting Date – July 18 & 19, 2023
Agenda Item Q – FY2022-23 Priority Rating System Drinking Water and Wastewater
Construction Projects and Emerging Contaminants (excluding CDBG-I)

Division of Water Infrastructure Staff Report

Background

The federal Clean Water Act and federal Safe Drinking Water Act provide states with the broad authority to implement and operate State Revolving Fund (SRF) loan programs, including project funding prioritization. North Carolina General Statute (G.S.) 159G-71 empowers the State Water Infrastructure Authority (Authority) to establish priorities for making loans and grants consistent with federal law.

The US Environmental Protection Agency (EPA) requires the Division of Water Infrastructure (Division) to update its Intended Use Plan (IUP) for the Clean Water SRF (CWSRF) and Drinking Water SRF (DWSRF) programs. Included within each program's IUP is the Priority Rating System (PRS), which establishes the points applied by Division staff when an application for funding is evaluated. The Division proposes the PRS to EPA each year in the IUP for each SRF and submits the IUPs to the EPA as part of the capitalization grant applications.

Congress appropriated funds to the SRF in the Infrastructure Investment and Jobs Act of 2021, commonly referred to as the Bipartisan Infrastructure Law (BIL). The BIL appropriated additional funds for five fiscal years (FY 2022-FY 2026). Bipartisan Infrastructure Law funds are available to support all eligible SRF projects, as well as funds specifically set aside to support lead service line replacement or to help address emerging contaminants. The PRS includes updates to line items that provide priority to projects addressing PFAS contaminants and allows staff to identify projects eligible for the SRF BIL Emerging contaminant funds. Staff recommendations considered input from the Divisions of Waste Management and Water Resources leadership responsible for PFAS regulatory oversight. Recommendations are supportive of Departmental PFAS oversight strategies.

Similar PRSs are currently applied to infrastructure construction projects in the State Revolving Funds, State Drinking Water Reserve, State Wastewater Reserve, and the Viable Utility Reserve funding programs. A similar PRS is applied in the Community Development Block Grant-Infrastructure program. The PRSs include four categories:

1. Category 1 – Project Purpose
2. Category 2 – Project Benefits
3. Category 3 – System Management
4. Category 4 – Affordability

The current PRS provides a consistent and transparent methodology for prioritization that aligns with the Authority's Master Plan and statutory requirements. The PRSs support applicants in their continued efforts toward long-term utility viability.

At the Authority's April 2023 meeting, the Authority approved the Draft PRS for public review for drinking water and wastewater projects funded by the following programs:

- State Revolving Funds
 - DWSRF (Base program)
 - BIL DWSRF-Emerging Contaminants (BIL DWSRF-EC)
 - CWSRF (Base program)
 - BIL CWSRF-Emerging Contaminants (BIL CWSRF-EC)
- State Reserve (Drinking Water and Wastewater)
- Viable Utility Reserve (Construction projects only)

The Division provided a public comment period from June 1 through June 30, 2023. The following summarizes the comments received, provides staff response to each comment, and includes staff recommendations for action on the PRS. In summary, staff appreciate the comments and recommendations provided.

Public Comments and Staff Response

Comments on the Priority Rating Systems for Drinking Water/Wastewater Construction Projects

The following comments also apply to the PRS for BIL Emerging Contaminants funding.

Comment: One of the most significant changes in the Affordability section of the priority rating systems has been to disallow cumulative points for Local Government Unit (LGU) indicators and projects benefiting a disadvantaged area (previously line items 4.C and 4.D). We think this change is reasonable to maintain the incentive for non-disadvantaged systems that are trying to benefit disadvantaged areas within their boundaries. In approaching this change, we recognize the difference between a vulnerable system, as determined by LGU indicators, and a vulnerable community, as determined by a wider array of factors. As with many of the mechanisms in the IUP included to achieve equitable distribution of funds, we will await more information on how this change performs.

Response: Thank you for the comment. **No change was suggested to the PRS.**

Comment: In Section 4 (Affordability), Line Items 4.C.1-4.C.3 gain points with LGU indicators being worse than the state benchmark in increments of one. Sometimes individual indicators do not clearly show the nature of the local government unit and could be skewed. Please clarify why the threshold should incrementally increase by one when the accuracy could be distorted in one indicator.

Response: Staff recognize that individual LGU indicators by themselves may not always accurately reflect the conditions of the LGU. However, the five LGU indicators as a whole provide a strong indication of a LGU's general economic conditions, which

affects its ability to afford the proposed project. It is reasonable to provide more priority to LGUs with more indicators reflecting worse than the benchmark values. Staff will continue to evaluate LGU indicators and the Affordability Criteria and make recommendations to the Authority as needed. **Staff recommend no change to the PRS.**

Comment: Line Item 4.C.4 is awarded less priority points than Line Items 4.C.1-4.C.3. Since only one of the Line Items in 4.C can be awarded to an applicant, we recommend changing the priority points awarded for Line Item 4.C.4 to 7 points in order to treat the line items similarly.

Response: The Affordability Criteria's Local Government Unit Indicator metrics (4.C.1 - 4.C.3) are intended to evaluate the community's ability to afford the intended project and are indications of the entire utility being disadvantaged. At least three out of five LGU indicators must be worse than the state benchmark in order to gain priority points, ranging from 3 to 7 points. To qualify for priority points for benefiting disadvantaged areas (Line Item 4.C.4), the project must benefit a subsection of the service area that is disadvantaged, and that area may only meet one or potentially even none of the LGU indicator metrics. Line Item 4.C.4 provides 5 points, which is equivalent to a LGU having four out of five LGU indicators worse than the state benchmark. It is the intent for the PRS to provide higher priority to projects in communities where all five LGU indicator metrics are worse than the state benchmarks. **Staff recommend no change to the PRS.**

Comments on the Priority Rating System for BIL Emerging Contaminants Funding

The comments below regarding points for line items 1.J and 2.H and eligibility for Line Items 1.B, 1.J, 2.B.1, 2.D, and 2.H also apply to the PRS for Drinking Water/Wastewater Construction Projects, and to the Priority Rating System for CDBG-I.

Comment: We believe the priority rating systems for DWSRF and DWSRF-EC should be merged for several reasons. From the perspective of an applicant, learning one priority rating system and application process per funding source is easier, especially for a jurisdiction that might be submitting multiple applications. We also expect that a streamlined and uniform process will benefit the Division when evaluating applications. Additionally, a merged priority rating system will allow for these Emerging Contaminant line items to be considered even after the IJJA-specific funding for Emerging Contaminants runs out (if the EC line items will be kept in the priority rating system).

Response: Staff recommends that for application submittal purposes, the PRS for the base SRF and EC funding be combined into one, similar to how the DWSRF, CWSRF, Green Project Reserve, and CDBG-I rating systems are combined into one rating system, yet only certain priority line items would be applicable to certain types of funding programs, including for the EC funding. **Staff recommends that when considering eligible applications for the EC funds, applications will be scored and ranked**

considering only the relevant priority line items for the EC program, i.e. Line Items 1.J.1 - 1.J.3, 2.F.2, 2.H.3 - 2.H.5, 3.A, 3.B, and 4.A - 4.C. This would accomplish the goal of focusing the scoring of applications for EC funding only on items relevant to PFAS projects, while simplifying the application process for the Applicant and the ability to consider an application for multiple sources of funding.

Comment: Recommend that one priority rating system be used for both DWSRF and DWSRF-EC rankings. However, we recommend that equal priority be provided for Line Item 1.B. and Line Item 1.J.1 (i.e., both assigned 22 points). Otherwise, this potentially provides more priority for wells contaminated with PFAS compounds versus surface water systems with the same PFAS compounds.

Response: **Staff recommends that for application submittal purposes, the PRS for the base SRF and EC funding be combined into one, but eligible applications for the EC funds will be scored and ranked considering only the applicable priority line items for the EC program (see above).** Line item 1.B will no longer apply to projects addressing PFAS contamination in private wells, since that prioritization now exists in new line items 1.J.1 and 1.J.2. Projects addressing PFAS contamination in surface water systems and in individual wells will score similar to one another by using the 1.J.1-1.J.3 line items. **Staff also recommends not including line item 2.B.1 when scoring applications for addressing PFAS contamination** since it would give priority for public water systems (addressing contamination in sources for drinking water systems) over projects providing public water service to replace contaminated individual wells.

Comment: We support the Priority Rating System for Emerging Contaminants funding being incorporated, similar to the Green Project Reserve energy efficiency funding for wastewater treatment plants, into the Drinking Water State Revolving Fund's PRS. Additionally, if a rehabilitation of aging infrastructure project is eligible for Emerging Contaminant funding and receives project benefit line items 2.H.1-2.H.5 points, the project may score higher than if line item 1.J.1 or 1.J.2 is selected for project purpose. Propose to increase the Project Purpose points for line items 1.J.1 – 1.J.3 to make them competitive with rehabilitation applications and more appealing.

Response: **Staff recommends that for application submittal purposes, the PRS for the base SRF and EC funding be combined into one, but eligible applications for the EC funds will be scored and ranked considering only the applicable priority line items for the EC program (see above).** The Division still wants to support much needed replacement/rehabilitation of old infrastructure projects. If those projects also address contaminants including PFAS, they will score the same as 1.J.1 projects that also receive 2.H points. However, only projects with 1.J.1, 1.J.2 or 1.J.3 will be eligible to get BIL EC funding. It is the Division's intent to keep a rehabilitation project addressing primary contaminants at a similar level as a project whose primary purpose is to address PFAS. **Staff does not recommend changes in priority points for line items 1.J.1 and 1.J.2.**

Comment: If the Emerging Contaminants funds will not fully fund the project and additional SRF funds are requested, will applicants have to complete two separate funding applications, or will this Priority Rating System be incorporated with the DWSRF Priority Rating System? We recommend requiring only one application for the project.

Response: **Staff recommends that for application submittal purposes, the PRS for the base SRF and EC funding be combined into one, but eligible applications for the EC funds will be scored and ranked considering only the applicable priority line items for the EC program (see above).** This would allow applicants to submit only one application and claim all of the PRS line item points that apply for the regular SRF funding, while only the EC-related line items will be scored when being considered for BIL EC funding. **Staff recommend no changes to the Priority Rating System.**

Comment: We do not believe the narrowed criteria in the proposed DWSRF-EC PRS is sufficient to account for the relevant features of an Emerging Contaminant project. For example, line item 2.D is relevant as “promulgated but not yet effective regulations” clearly describes the status of Emerging Contaminants that do not yet have proposed MCLs. Also, line item 2.K.1 is relevant as an interconnection between systems can decrease the contaminant level in the combined system or provide additional treatment options.

Response: It is the Department’s intent to spend the limited amount of 2022 and 2023 BIL EC funds on projects that specifically address PFAS, which gain points under line items 2.H.3 - 2.H.5. Line Item 2.D, “promulgated but not yet effective regulations” do not apply to PFAS. Further, if a project can prove with calculations that the PFAS concentration can be reduced below the levels established for 2.H.3 - 2.H.5 points by interconnecting, that will be considered as a method of “addressing PFAS issues” and will qualify for 1.J points and 2.F.2 points, which encourages system partnerships (the Guidance will clarify that to be eligible for EC funding consideration, Line Item 2.F.2 points applies to project activities that would reduce PFAS contamination), and would be redundant in providing priority points. **Staff do not recommend including Line Items 2.D and 2.K.1 in the PRS line items that will be considered for BIL EC funding.**

Comment: Line Item 2.H.3 should not be increased to 5 points. Utilities should be incentivized to implement measures that fully address the issue to an EPA-required level, as half-measures or limited investment is more likely to require subsequent additional investment, which is not a cost-effective approach to maintaining treatment standard compliance in the long run.

Response: **Staff recommends increasing Line Item 2.H.3** , which addresses PFAS compounds exceeding 10 ppt but without a proposed MCL or Hazard Index to 5 points as DEQ is planning to establish water quality standards for wider range of PFAS compounds

and would like to encourage projects addressing PFAS compounds other than those with proposed MCL or Hazard Index

Comment: Line Item 1.J.3 should be increased to 5 points to incentivize studies to be applied for to make use of the Emerging Contaminant funds allocated for such efforts.

Response: **Staff recommends increasing Line Item 1.J.3 to 5 points.**

Comment: The Division also explicitly asks for input on increasing the point values for line items 1.J.3 (evaluating alternatives to address emerging contaminants) and 2.H.3 (project addresses any PFAS exceeding 10ppt). We recommend increasing both of these line items from two to five points.

Response: **Staff recommends increasing Line Item 1.J.3 to 5 points.** We received comments both recommending to increase and not to increase Line Item 2.H.3. points. **Staff recommends 2.H.3 points be increased to 5 points.**

Comment: For Line Item 1.J.3, we recommend increasing the line item points and defining “main.” Please clarify if 100 percent of the project costs have to address emerging contaminants or if this could be a portion of another project.

Response: Yes, 100 percent of the project costs for Line Item 1.J.3 must be for planning how to address PFAS contamination. **This will be clarified in IUP in Section 5.1 and the Guidance. Staff recommends increasing Line Item 1.J.3 to 5 points.**

Comment: Category 1 Project Purpose suggests receiving Line Item 1.J.1 points if 100 percent of the project costs are associated with addressing emerging contaminants, versus 75 percent of the project costs which would earn 1.J.2 points. The percentages are so close we propose revising Line Item 1.J.2 to 50 percent of project costs and also changing the word “main” to “sole” in Line Item 1.J.1.

Response: **Staff recommends changing the word “main” to “sole” in Line Items 1.J.1 and 1.J.3.** The BIL Implementation Memo from EPA requires that the *primary* purpose of the projects receiving BIL EC funding must be to address emerging contaminants. Line Item 1.J.2 requires that at least 75 percent of the project costs are associated with addressing emerging contaminants to ensure that that primary purpose of the project is to address PFAS. **Staff does not recommend reducing the 75 percent project cost requirement to qualify for Line Item 1.J.2.** In addition, **the Division will add a statement to Section 5.1 in the Intended Use Plan to clarify that only the portions of the project costs associated with the project activities that address PFAS will be eligible for BIL EC disbursements.**

Comment: Recommend adding a lesser priority line item that states the project will address emerging contaminants without qualifying a percentage of project costs addressing emerging contaminants. For example, if only 40 percent of the project costs are addressing Emerging Contaminants, a local government should be eligible to receive the emerging contaminants funding.

Response: EPA’s BIL Implementation Memo requires that the primary purpose of the projects receiving EC funding must be to address emerging contaminants, and that only the costs associated with addressing emerging contaminants are eligible for BIL EC disbursements. Projects that address multiple purposes are eligible for regular SRF funds as well as other Division grant and loan funding programs and will also rank high with Line Items 1.C/1.C.1 and relevant 2.H project benefit points (which do not require “primary purpose” to be to address emerging contaminants). Since EC funds are limited, the BIL EC funds will be administered only on projects with a primary purpose or sole purpose of addressing PFAS contamination. **Staff recommends no changes to the PRS.**

Comment: It appears if Line Items 2.H.3 or 2.H.4 points are claimed, the application automatically receives 2.B.1 points. If not, please confirm how these line items are different.

Response: Line item 2.B.1 is claimed when the project addresses contamination of the source of a public water system. The Division was considering also applying the line item to addressing elimination of individual wells with PFAS contamination, but staff do not recommend this change. A project receiving 2.H.3 or 2.H.4 points will not necessarily receive 2.B.1 points in order to score projects addressing emerging contaminants in individual wells similarly to addressing emerging contaminants in public water systems and not to provide an advantage of one over the other. Further, the Guidance will be updated to state that only projects that score 2.H.1 or 2.H.2 points may be eligible for Line Item 2.B.1 points. **Staff recommends that Line Item 2.B.1 not be considered when scoring eligible applications for BIL EC funding**

Comment: In the proposed Priority Rating System, is it possible for a well system to get points for PFAS contamination in both Line Items 1.B and 1.J.1? If so, that seems like an unfair advantage to well systems. Please consider clarifying the criteria to ensure that points for the same issue can only be claimed in one category.

Response: Applications can only claim one project purpose line item (either 1.B or 1.J). EC-funded projects are not eligible for Line Item 1.B points. Line Item 1.B will no longer apply to projects addressing PFAS contamination in private wells, since that prioritization now exists in new Line Items 1.J.1 and 1.J.2. **Staff recommends no changes to the PRS.**

Priority Rating System Changes

Below is a summary of the proposed changes to the drinking water and wastewater PRSs, based upon public comments received.

- Line Items 1.J.1 and 1.J.3 updated to use the word “sole” instead of “main”.
- Increasing Line Item 1.J.3 from 2 to 5 points.
- Line Item 2.H.2 updated to remove the statement “(this includes 1-4 Dioxane and Manganese)”. This will be explained in the Guidance, rather than specified in the PRS.
- Increasing Line Item 2.H.3 from 2 points to 5 points and including projects addressing PFAS compounds exceeding State-established regulatory standards or limits.
- Combining Line Items 2.H.4 and 2.H.5 into a single line item with 10 priority points.
- Revising Line Item 2.H.3 to address PFAS compounds and adding Line Items 1.J.1-3 and 2.H.4 in the wastewater PRS to match the drinking water PRS.
- When considering eligible applications for the EC funds, applications will be scored and ranked considering only the relevant priority line items for the EC program, i.e., Line Items 1.J.1 - 1.J.3, 2.F.2, 2.H.3 - 2.H.4, 3.A, 3.B, and 4.A - 4.C. For application submittal purposes, the PRS for the base SRF and EC funding will be combined with the base PRS and guidance to provide a single application process, but EC-eligible applications will be scored and ranked considering the applicable priority line items for the EC program (shown in Attachments A and B, and summarized in Attachments C and D).

Staff Recommendation

Division staff recommend:

- 1) That the Authority approve the PRS as shown in Attachments A and B for the applicable funding programs
 - Attachment A: 2023 PRIORITY RATING SYSTEM for Drinking Water Projects
 - DWSRF (Base program)
 - State Reserve (Drinking Water construction)
 - Viable Utility Reserve (Drinking Water construction)
 - Attachment B: 2023 PRIORITY RATING SYSTEM for Wastewater Projects
 - CWSRF (Base program)
 - State Reserve (Wastewater Construction projects)
 - Viable Utility Reserve (Wastewater Construction projects)
- 2) That the Authority approve scoring drinking water applications eligible for DWSRF-EC using Line Items 1.J.1 - 1.J.3, 2.F.2, 2.H.3 - 2.H.4, 3.A, 3.B, and 4.A - 4.C as shown in Attachment A, and summarized in Attachment C.

- 3) That the Authority approve scoring wastewater applications eligible for CWSRF-EC using Line Items 1.J.1 - 1.J.3, 2.F.2, 2.H.3 - 2.H.4, 3.A, 3.B, and 4.A - 4.C as shown in Attachment B, and summarized in Attachment D.

Attachment A

2023 PRIORITY RATING SYSTEM for Drinking Water Projects				
<p>Instructions: For each line item, mark "X" to claim the points for that line item. Be sure that your narrative includes justification for every line item claimed. At the end of each Category, provide the total points claimed for each program in the subtotal row for that category. Then add the subtotals from each category and enter the Total of Points for All Categories in the last line. Note that some categories have a maximum allowed points that may be less than the total of individual line items.</p>				
Line Item #	EC Line Item†	Category 1 – Project Purpose (Points will be awarded for <u>only one</u> Project Purpose)	Claimed Yes/No	Points
1.A		Project will consolidate a nonviable drinking water or wastewater utility		25
1.B		Project will resolve failed or failing infrastructure issues		22
1.C		Project will rehabilitate or replace infrastructure, including replacement by regionalization projects		12
1.C.1		Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old OR lead service lines		8
1.D		Project will expand infrastructure		2
1.D.1		Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old		8
1.E		Project will provide service to disadvantaged areas		20
1.F – 1.I		Reserved for other programs		
1.J		Project addresses PFAS emerging contaminants		
1.J.1	EC	Main Sole purpose of the project is to address Emerging Contaminants (construction projects) where 100% of the costs are associated with this purpose OR		20
1.J.2	EC	At least 75% of the project costs are to address Emerging Contaminants (construction projects) OR		15
1.J.3	EC	Main Sole purpose of the project is to evaluate alternatives to address Emerging Contaminants (may include pilot scale treatment study)		25
Maximum points for Category 1 – Project Purpose				25

2023 PRIORITY RATING SYSTEM for Drinking Water Projects				
Subtotal claimed for Category 1 – Project Purpose				
Line Item #	EC Line Item†	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A		Reserved for other programs		
2.B		Project provides a specific public health benefit		
2.B.1		Project addresses dry wells or contamination of a drinking water source; or resolves managerial, technical & financial issues		20
2.B.2		Projects that eliminate lead service lines		10
2.C		Reserved for other programs		
2.D		Project addresses promulgated but not yet effective regulations		10
2.E		Project directly addresses enforcement documents		
2.E.1		Project directly addresses an EPA Administrative Order for a local government Applicant located in a Tier 1 county, or addresses an existing or pending SOC, or a DEQ Administrative Order, OR		5
2.E.2		Project directly resolves a Notice of Violation or Notice of Deficiency		3
2.F		Project includes system merger or regionalization		
2.F.1		Project includes system merger OR		10
2.F.2	EC	Project includes system regionalization and/or system partnerships		5
2.G		Project addresses documented low pressure		10
2.H		Project addresses contamination		
2.H.1		Project addresses acute contamination of a water supply source OR		15
2.H.2		Project addresses contamination of a water supply source other than acute (this includes 1-4 Dioxane and Manganese) OR		10
2.H.3	EC	Project addresses any PFAS compounds exceeding 10 ppt or State-established regulatory standards or limits OR		2-5
2.H.4	EC	Project addresses PFOA and/or PFOS compounds exceeding proposed MCL of 4 ppt OR Project addresses PFAS exceeding proposed MCL or Hazard Index		10
2.H.5	EC	Project addresses Hazard Index exceeding 1.0 for an individual or combination of GenX, PFBS, PFNA, PFHxS		10

2023 PRIORITY RATING SYSTEM for Drinking Water Projects				
2.I		Project improves treated water quality by adding or upgrading a unit process		3
2.J		Water loss in system to be rehabilitated or replaced is 30% or greater		3
2.K		Project provides a public water system interconnection		
2.K.1		Project creates a new interconnection between systems not previously interconnected OR		10
2.K.2		Project creates an additional or larger interconnection between two systems already interconnected which allows one system's public health water needs to be met during an emergency OR		10
2.K.3		Project creates any other type of interconnection between systems		5
2.L – 2.M		Reserved for other programs		
2.N		Project provides resiliency for critical system functions		
2.N.1		Project relocates infrastructure from inside the 100-year floodplain to outside the 500-year floodplain OR		8
2.N.2		Project relocates infrastructure from inside the 100-year floodplain to outside the 100-year floodplain OR		5
2.N.3		Project relocates infrastructure from between the 100-year and 500-year floodplains to outside a 500-year floodplain OR		3
2.N.4		Project fortifies or elevates infrastructure within floodplain, OR		4
2.N.5		Project improves ability to assure continued operation during flood events OR		4
2.N.6		Project downsizes infrastructure related to buyouts OR		4
2.N.7		Project provides redundancy/resiliency for critical treatment and/or transmission/distribution system functions including cybersecurity and/or backup electrical power source		3
2.O – 2.S		Reserved for other programs		
Maximum points for Category 2 – Project Benefits				35
Subtotal claimed for Category 2 – Project Benefits				
Line Item #	EC Line Item [†]	Category 3 – System Management	Claimed Yes/No	Points
3.A		Capital Planning Activities		
3.A.1	EC	Applicant has implemented an Asset Management Plan as of the date of application OR		10

2023 PRIORITY RATING SYSTEM for Drinking Water Projects				
3.A.2	EC	Applicant has a current Capital Improvement Plan (CIP) that spans at least 10 years and proposed project is included in the plan		2
3.B	EC	System Operating Ratio is greater than or equal to 1.00 based on a current audit, or is less than 1.00 and unit cost is greater than 2.5% of MHI		5
3.C		Applicant has an approved Source Water Protection Plan and/or a Wellhead Protection Plan		5
3.D		Applicant has implemented a water loss reduction program		5
3.E		Applicant has implemented a water conservation incentive rate structure		3
Maximum points for Category 3 – System Management				15
Subtotal claimed for Category 3 – System Management				
Line Item #	EC Line Item [†]	Category 4 – Affordability	Claimed Yes/No	Points
4.A		Residential Connections		
4.A.1	EC	Less than 10,000 residential connections OR		2
4.A.2	EC	Less than 5,000 residential connections OR		4
4.A.3	EC	Less than 1,000 residential connections		8
4.B		Current Monthly Combined Utility Rates at 5,000 Usage		
4.B.1	EC	Greater than \$79 OR		4
4.B.2	EC	Greater than \$90 OR		6
4.B.3	EC	Greater than \$107 OR		8
4.B.4	EC	Greater than \$129		10
4.C		Local Government Unit (LGU) Indicators		
4.C.1	EC	3 out of 5 LGU indicators worse than state benchmark OR		3
4.C.2	EC	4 out of 5 LGU indicators worse than state benchmark OR		5
4.C.3	EC	5 out of 5 LGU indicators worse than state benchmark OR		7
4.C.4	EC	Project benefits disadvantaged areas		5
4.D – 4.G		Reserved for other programs		
Maximum points for Category 4 – Affordability				25
Subtotal claimed for Category 4 – Affordability				
Total of Points for All Categories				

[†] Only line items marked with “EC” will be used in scoring eligible applications for DWSRF-EC funding. These applications will also be scored using the full PRS for all other drinking water funding sources.

Attachment B

2023 PRIORITY RATING SYSTEM for Wastewater Projects				
<p>Instructions: For each line item, mark "X" to claim the points for that line item. Be sure that your narrative includes justification for every line item claimed. At the end of each category, provide the total points claimed for each program in the subtotal row for that category. Then add the subtotals from each category and enter the Total of Points for All Categories in the last line. Note that some categories have a maximum allowed points that may be less than the total of individual line items.</p>				
Line Item #	EC Line Item [†]	Category 1 – Project Purpose (Points will be awarded for <u>only one</u> Project Purpose)	Claimed Yes/No	Points
1.A		Project will consolidate a nonviable drinking water or wastewater utility		25
1.B		Project will resolve failed or failing infrastructure issues		20
1.C		Project will rehabilitate or replace infrastructure, including replacement by a regionalization projects		12
1.C.1		Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR lines, or tanks to be rehabilitated or replaced are greater than 40 years old		8
1.D		Project will expand infrastructure		2
1.D.1		Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old		8
1.E		Project will provide service to disadvantaged areas		20
1.F		Reserved for other programs		
1.G		Project will provide stream/wetland/buffer restoration		10
1.G.1		Restoration project that includes restoration of a first order stream and includes stormwater infiltration SCMs		5
1.G.2		Restoration project that includes restoration and/or protection of riparian buffers to at least 30 feet on both sides of the stream		5
1.H		Project will provide SCMs to treat existing sources of pollution		10
1.H.1		Project that includes SCMs in series that achieve at least 35% nutrient reduction (both TN and TP) and 85% TSS reduction		10
1.I		Project will provide reclaimed water/usage or rainwater harvesting/usage		10
1.J		Project addresses PFAS emerging contaminants		
1.J.1	EC	Sole purpose of the project is to address Emerging Contaminants (construction projects) where 100% of the costs are associated with this purpose OR		20

2023 PRIORITY RATING SYSTEM for Wastewater Projects				
1.J.2	EC	At least 75% of the project costs are to address Emerging Contaminants (construction projects) OR		15
1.J.3	EC	Sole purpose of the project is to evaluate alternatives to address Emerging Contaminants (may include pilot scale treatment study)		5
Maximum points for Category 1 – Project Purpose				25
Subtotal claimed for Category 1 – Project Purpose				
Line Item #	EC Line Item†	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A – 2.B		Reserved for other programs		
2.C		Project provides a specific environmental benefit		
2.C.1		Project replaces or repairs certain sewer lines, eliminates failed onsite wastewater system or non-discharge system, or resolves managerial, technical & financial issues		15
2.C.2		Project eliminates malfunctioning onsite wastewater systems		10
2.D		Project addresses promulgated but not yet effective regulations		10
2.E		Project directly addresses enforcement documents		
2.E.1		Project directly addresses an EPA Administrative Order for a local government Applicant located in a Tier 1 county, or addresses an existing or pending SOC, or a DEQ Administrative Order, OR		5
2.E.2		Project directly resolves a Notice of Violation or Notice of Deficiency		3
2.F		Project includes system merger or regionalization		
2.F.1		Project includes system merger OR		10
2.F.2	EC	Project includes system regionalization and/or system partnerships		5
2.G – 2.H.2		Reserved for other programs		
2.H.3	EC	Project addresses an emerging contaminant without an MCL any PFAS compounds exceeding 10 ppt or State-established regulatory standards or limits OR		10 5
2.H.4	EC	Project addresses PFAS exceeding proposed MCL or Hazard Index		10
2.I		Project improves treated water quality by adding or upgrading a unit process		3
2.J – 2.M		Reserved for other programs		
2.N		Project provides resiliency for critical system functions		
2.N.1		Project relocates infrastructure from inside 100-year floodplain to outside 500-year floodplain OR		8
2.N.2		Project relocates infrastructure out of a 100-year floodplain OR		5

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2.N.3		Project relocates infrastructure from between the 100-year and 500-year floodplains to outside the 500-year floodplain OR		3
2.N.4		Project fortifies or elevates infrastructure within floodplain OR		4
2.N.5		Project improves ability to assure continued operation during flood events OR		4
2.N.6		Project reduces the size of infrastructure as a result of a buyout or other abrupt loss of population OR		4
2.N.7		Project provides redundancy/resiliency for critical treatment and/or transmission/distribution system functions including cybersecurity and/or backup electrical power source		3
2.O		Project <u>directly benefits</u> subwatersheds that are impaired as noted on the most recent version of the Integrated Report		20
2.P		Project <u>directly benefits</u> specific classified waters		10
2.Q		Project will result in elimination of an NPDES discharge		3
2.R		Primary purpose of the project is to achieve at least 20% reduction in energy use		5
2.S		Reserved for other programs		
Maximum points for Category 2 – Project Benefits				35
Subtotal claimed for Category 2 – Project Benefits				
Line Item #	EC Line Item [†]	Category 3 – System Management	Claimed Yes/No	Points
3.A		Capital Planning Activities		
3.A.1	EC	Applicant has implemented an Asset Management Plan as of the date of application OR		10
3.A.2	EC	Applicant has a current Capital Improvement Plan (CIP) that spans at least 10 years and proposed project is included in the plan		2
3.B	EC	System Operating Ratio is greater than or equal to 1.00 based on a current audit, or is less than 1.00 and unit cost is greater than 2.5% of MHI		5
3.C – 3.E		Reserved for other programs		
Maximum points for Category 3 – System Management				15
Subtotal claimed for Category 3 – System Management				
Line Item #	EC Line Item [†]	Category 4 – Affordability	Claimed Yes/No	Points
4.A		Residential Connections		
4.A.1	EC	Less than 10,000 residential connections OR		2

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4.A.2	EC	Less than 5,000 residential connections OR		4
4.A.3	EC	Less than 1,000 residential connections		8
4.B		Current Monthly Combined Utility Rates at 5,000 Usage		
4.B.1	EC	Greater than \$79 OR		4
4.B.2	EC	Greater than \$90 OR		6
4.B.3	EC	Greater than \$107 OR		8
4.B.4	EC	Greater than \$129		10
4.C		Local Government Unit (LGU) Indicators		
4.C.1	EC	3 out of 5 LGU indicators worse than state benchmark OR		3
4.C.2	EC	4 out of 5 LGU indicators worse than state benchmark OR		5
4.C.3	EC	5 out of 5 LGU indicators worse than state benchmark OR		7
4.C.4	EC	Project benefits disadvantaged areas		5
4.D – 4.G		Reserved for other programs		
Maximum points for Category 4 – Affordability				25
Subtotal claimed for Category 4 – Affordability				
Total of Points for All Categories				

† Only line items marked with “EC” will be used in scoring eligible applications for CWSRF-EC funding. These applications will also be scored using the full PRS for all other wastewater funding sources.

Attachment C

Line Items from the 2023 Priority Rating System for Drinking Water Projects that would be used for scoring applications for the BIL DWSRF-EC funding.

Line Item #	Category 1 – Project Purpose (Points will be awarded for <u>only one</u> Project Purpose)	Points
1.J	Project addresses PFAS emerging contaminants	
1.J.1	Sole purpose of the project is to address Emerging Contaminants (construction projects) where 100% of the costs are associated with this purpose OR	20
1.J.2	At least 75% of the project costs are to address Emerging Contaminants (construction projects) OR	15
1.J.3	Sole purpose of the project is to evaluate alternatives to address Emerging Contaminants (may include pilot scale treatment study)	5
Maximum points for DWSRF-EC Scoring for Category 1 – Project Purpose		20
Line Item #	Category 2 – Project Benefits	Points
2.F.2	Project includes system regionalization and/or system partnerships	5
2.H	Project addresses contamination	
2.H.3	Project addresses any PFAS compounds exceeding 10 ppt or State-established regulatory standards or limits OR	5
2.H.4	Project addresses PFAS exceeding proposed MCL or Hazard Index	10
Maximum points for DWSRF-EC Scoring for Category 2 – Project Benefits		15
Line Item #	Category 3 – System Management	Points
3.A	Capital Planning Activities	
3.A.1	Applicant has implemented an Asset Management Plan as of the date of application OR	10
3.A.2	Applicant has a current Capital Improvement Plan (CIP) that spans at least 10 years and proposed project is included in the plan	2
3.B	System Operating Ratio is greater than or equal to 1.00 based on a current audit, or is less than 1.00 and unit cost is greater than 2.5% of MHI	5
Maximum points for DWSRF-EC Scoring for Category 3 – System Management		15

Line Item #	Category 4 – Affordability	Points
4.A	Residential Connections	
4.A.1	Less than 10,000 residential connections OR	2
4.A.2	Less than 5,000 residential connections OR	4
4.A.3	Less than 1,000 residential connections	8
4.B	Current Monthly Combined Utility Rates at 5,000 Usage	
4.B.1	Greater than \$79 OR	4
4.B.2	Greater than \$90 OR	6
4.B.3	Greater than \$107 OR	8
4.B.4	Greater than \$129	10
4.C	Local Government Unit (LGU) Indicators	
4.C.1	3 out of 5 LGU indicators worse than state benchmark OR	3
4.C.2	4 out of 5 LGU indicators worse than state benchmark OR	5
4.C.3	5 out of 5 LGU indicators worse than state benchmark OR	7
4.C.4	Project benefits disadvantaged areas	5
Maximum points for DWSRF-EC Scoring for Category 4 – Affordability		25
Maximum Points for DWSRF-EC Scoring for All Categories		75

Attachment D

Line Items from the 2023 Priority Rating System for Wastewater Projects that would be used for scoring applications for the BIL CWSRF-EC funding.

Line Item #	Category 1 – Project Purpose (Points will be awarded for <u>only one</u> Project Purpose)	Points
1.J	Project addresses PFAS emerging contaminants	
1.J.1	Sole purpose of the project is to address Emerging Contaminants (construction projects) where 100% of the costs are associated with this purpose OR	20
1.J.2	At least 75% of the project costs are to address Emerging Contaminants (construction projects) OR	15
1.J.3	Sole purpose of the project is to evaluate alternatives to address Emerging Contaminants (may include pilot scale treatment study)	5
Maximum points for CWSRF-EC Scoring for Category 1 – Project Purpose		20
Line Item #	Category 2 – Project Benefits	Points
2.F.2	Project includes system regionalization and/or system partnerships	5
2.H	Project addresses contamination	
2.H.3	Project addresses any PFAS compounds exceeding 10 ppt or State-established regulatory standards or limits OR	5
2.H.4	Project addresses PFAS exceeding proposed MCL or Hazard Index	10
Maximum points for CWSRF-EC Scoring for Category 2 – Project Benefits		15
Line Item #	Category 3 – System Management	Points
3.A	Capital Planning Activities	
3.A.1	Applicant has implemented an Asset Management Plan as of the date of application OR	10
3.A.2	Applicant has a current Capital Improvement Plan (CIP) that spans at least 10 years and proposed project is included in the plan	2
3.B	System Operating Ratio is greater than or equal to 1.00 based on a current audit, or is less than 1.00 and unit cost is greater than 2.5% of MHI	5
Maximum points for CWSRF-EC Scoring for Category 3 – System Management		15

Line Item #	Category 4 – Affordability	Points
4.A	Residential Connections	
4.A.1	Less than 10,000 residential connections OR	2
4.A.2	Less than 5,000 residential connections OR	4
4.A.3	Less than 1,000 residential connections	8
4.B	Current Monthly Combined Utility Rates at 5,000 Usage	
4.B.1	Greater than \$79 OR	4
4.B.2	Greater than \$90 OR	6
4.B.3	Greater than \$107 OR	8
4.B.4	Greater than \$129	10
4.C	Local Government Unit (LGU) Indicators	
4.C.1	3 out of 5 LGU indicators worse than state benchmark OR	3
4.C.2	4 out of 5 LGU indicators worse than state benchmark OR	5
4.C.3	5 out of 5 LGU indicators worse than state benchmark OR	7
4.C.4	Project benefits disadvantaged areas	5
Maximum points for CWSRF-EC Scoring for Category 4 – Affordability		25
Maximum of Points for CWSRF-EC Scoring for All Categories		75